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## APPENDIX B

### CINCLANTFLT – CINCPACFLT - NAVSEA

#### Concept of Operations for Integrating Intermediate and Depot Maintenance Activities

**Purpose:** To establish a concept of operations for Intermediate and Depot maintenance resources integration in the Pacific and Atlantic in FY 2000. This initiative is one of the four pillars of the Navy strategy to reduce maintenance infrastructure while at the same time accomplishing all Fleet ship maintenance within available funding:

- Regional Intermediate and Depot integration.
  - Reduce total maintenance cost by increasing regional productivity and accomplishing more maintenance.
  - Reduce cost and increase efficiency through use of standard processes.
  - Improve technical training for military personnel.
  - Leverage private sector to reduce total maintenance costs.
- Outleasing of under-utilized facilities.
  - Reduce infrastructure cost.
- Public-private resource and infrastructure sharing agreements.
  - Optimum and most cost effective use of both public and private maintenance resources in a region.
- Inter-regional operability.
  - Mutual support and efficient management of consolidated overhead functions between regions.

**Scope of Integration:** Merger of Intermediate and Depot activities in the Pacific Northwest, Mid-Atlantic and Northeast into integrated regional maintenance activities will include:

- Pacific Northwest
  - Puget Sound Naval Shipyard
  - Intermediate Maintenance Facility, Northwest (formerly TRF Bangor and SIMA Everett)
- Mid-Atlantic
  - Norfolk Naval Shipyard
  - Shore Intermediate Maintenance Activity, Norfolk

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- Northeast
  - Consolidation options are being reviewed.  
(Note: Portsmouth Naval Shipyard will proceed in parallel with Puget Sound and Norfolk Naval Shipyards in regard to funding and claimancy changes.)

The Supervisors of Shipbuilding will be appropriately linked to the work assignment and execution activities within each region to provide the optimum support for, and synthesis with, the consolidated activities.

**Attributes:** The concept of operations is based on the Pearl Harbor Naval Shipyard & Intermediate Maintenance Facility and the following attributes:

- One integrated industrial activity.
- Integrated civilian and military work force.
- Single accounting system.
- Tailored I & D work documents for seamless use by any member of the workforce.
- Standard Quality Assurance program.
- Integrated Automated Information Systems (AIS).
- Cost effective utilization of all resources.
- One customer interfacing process.
- Commitment to accomplishing all Fleet ship maintenance requirements, including maintaining priority of strategic deterrence assets (SSBNs) and operating forces.

**Planning, Implementation and Oversight:** A Fleet CINC and COMNAVSEA Memorandum of Agreement (MOA) will be jointly developed for each integrated activity.

Oversight and guidance in accordance with the MOA will be provided by an Executive Steering Committee (ESC) and/or Board of Directors (BOD) in each region appointed by the cognizant Fleet CINC and COMNAVSEA. They will function during the planning and implementation phases, and first full year of operation (FY 2001).

Each region will establish a transition strategy to implement these attributes with oversight by the respective Fleet Maintenance Officer and NAVSEA 04.

**Activity Claimancy:** CINCPACFLT and CINCLANTFLT will assume claimancy of the respective integrated activities commencing in FY 2001. COMNAVSEA will be the single Operating Agent. During the transition year, FY 2000, current claimancy will remain unchanged with COMNAVSEA functioning as the overall operating agent of the integrated industrial activity in each region.

CINCPACFLT and CINCLANTFLT will determine ship maintenance workload, priorities and schedules, consistent with current practice and OPNAV policy.

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COMNAVSEA will be consulted, as appropriate, with regard to the location of CNO scheduled availabilities.

A complete review of property to be merged into the combined industrial activity will be conducted with the goal of designating COMNAVSEA as the Installation Management Claimant for Class 1, 2, 3 and 4 property/equipment associated with the new industrial activity commencing in FY 2002, as appropriate. For the FY 2001 budget and its execution, claimancy of property and equipment will remain a COMNAVSEA or Fleet responsibility as assigned for the FY 2000 budget. This entails acting as the claimant for the facility property/equipment Planning, Programming and Budgeting System (PPBS); including Maintenance of Real Property (MRP), Capital Purchase Program (CPP/OPN), Military Construction (MILCON), Base Operating Support (BOS) and Other Base Operating Support (OBOS). In support of this, OPNAV N8 will transfer resource sponsorship to OPNAV N4 in FY 2001.

CINCPACFLT and CINCLANTFLT responsibilities will include programming and budgeting for all resources, other than those reassigned in the above property and equipment paragraph, including matching resources to requirements. Resources include Operations and Maintenance, Navy (O&M,N) funds, civilian manpower, and military manpower.

COMNAVSEA will be the selecting official and reporting senior for the integrated activity commander.

The Fleet N43s will report ADDU to COMNAVSEA for coordination and facilitation of the overall maintenance process to include appropriate assignment of CNO availabilities and strategic planning related to regional capability, capacity and private sector partnering. The existing ADDU between NAVSEA 04 and the Fleet Commanders will be preserved to insure that operation of the integrated industrial activities will meet the Fleets' operational priorities and requirements.

COMNAVSEA will continue to exercise complete and comprehensive technical and engineering authority and responsibility for all work accomplished. COMNAVSEA will also determine national capabilities requirements in coordination with the Fleet Commanders.

**Financial Accounting System and Funding:** The single financial accounting system will be mission funding. All non-Fleet work will be funded on a reimbursable basis. Consistent with OPNAVINST 7130 of 5 April 1996, a guaranteed funding and work arrangement will be established between the Fleet (industrial activity claimant) and the reimbursable customers to ensure that work and workforce are programmed in the budget and funded during the execution year.

Dual funding (NWCF and mission funding) will be used in the transition year, FY 2000. SYMIS will be transitioned to maintain total cost visibility (pending introduction of an Enterprise AIS).

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As previously addressed, Fleet Maintenance Officers will closely coordinate the assignment of all CNO availabilities with COMNAVSEA. Assignment of other work will reflect the industrial capacity established by customers during the budgeting process, priority of the work requirement, capacity and capability available within each region, and budget exigencies. The Fleet will address shortfalls in execution of the mission-funded industrial activity budget to COMNAVSEA and OPNAV N4.

**Local Command Structure:** The Puget Sound and Norfolk Naval Shipyard Commanders will assume command of the integrated industrial activities no earlier than 1 October 1999. Transition of Intermediate and Depot elements will be phased in accordance with the applicable Fleet CINC/COMNAVSEA MOA.

The Commanding Officers of the intermediate activities will be ultimately assigned as the industrial activity Outside Operations Officer or the Deputy Commander, responsible for coordinating execution of in-region work outside of the controlled industrial area of the depot, as assigned by the activity commander, and training, development and integration of military personnel in the industrial activity.

**Activity Organization and Operation:** The integrated industrial activity organizations will utilize the lessons learned from the Pearl Harbor pilot. As the agent responsible for operation of the industrial and engineering activity, COMNAVSEA will organize the industrial structure to best accomplish all maintenance requirements in an efficient and responsive manner.


**Target Timetable:**

- Obtain CNO approval - ASAP
- Publish MOAs – ASAP
- Approval to move Naval Shipyards out of NWCF - ASAP
- Stand-up ESCs/BODs – 1 September 1999
- Complete budgetary realignments – 1 September 1999
- Start to stand-up consolidated activities – 1 October 1999
- Complete consolidation transition – 1 October 2000
- Commence full mission funding operation under Fleet claimancy - 1 October 2000

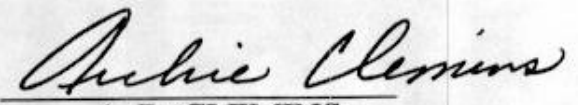
**Nuclear Propulsion Matters:** The Director, Naval Nuclear Propulsion, CNO (N00N) has authority over and responsibility for all matters pertaining to Naval nuclear propulsion plants and associated nuclear capable support facilities. This authority and responsibility is outlined in OPNAVINST 5430.48 and established by Executive Order 12344 dated 1 February 1982 which was made statutory by P.L. 98-525, Title 42, United States Code, Section 7158 of 19 October 1984. The Director, Naval Nuclear Propulsion, is also the Deputy Commander, Naval Sea Systems Command (SEA 08). N00N/SEA 08 is a joint Department of Energy (DOE) and Navy organization.

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Nothing in this Concept of Operations supersedes or changes these responsibilities and authorities. Accordingly, the consolidated activities will operate in accordance with existing manuals, instructions and requirements for Naval nuclear propulsion plants and associated nuclear support facilities unless the specific approval of the Naval Nuclear Propulsion Directorate is obtained. Further, the Naval Nuclear Propulsion Directorate shall be kept informed of and consulted on all matters pertaining to or affecting Naval nuclear propulsion plants and associated nuclear support facilities.



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